

## Private water company set to impose new surcharge

*Customers say \$25.71 charge poses hardship to fixed-income folks.*

Patrick Abanathy

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Customers of the Crystal Clear Water Company will not have to pay the \$76 monthly surcharge for bottled water following relief from the Nevada Bureau of Safe Drinking Water (BSDW); however a nearly \$26 surcharge to pay for arsenic remediation is still a go beginning Feb. 1.

This was the topic at a packed-house meeting last Wednesday where several residents of the El Rancho Estates area came out to voice concerns at a consumer session hosted via the Public Utilities Commission (PUC).

During a PUC session conducted in late July of last year, Crystal Clear Water Company Owners Bill and Diane Brandt noted their company would likely face financial burden in meeting the new EPA arsenic standard in drinking water (10 parts per billion (ppb) arsenic reduced from 50 ppb), which went into effect Monday.

The company did not meet the requirements necessary to receive a three-year exemption from the new standard meaning work must begin immediately on construction of a treatment plant. For consumers, this could mean up to two decades of surcharges geared at repaying necessary upgrade loans. In information provided Wednesday, it is noted the water company plans to file a three-year exemption request, which could receive approval/disapproval as early as March.

Rick Hackman, PUC Manager for the Consumer Complaint Resolution Division, said it is unorthodox to impose the surcharge before first speaking to the public; however, in this instance it became necessary as the EPA deadline for meeting the standard was fast approaching and time simply ran out. To this, he said the surcharge was necessary as collateral toward securing a loan from the Drinking Water State Revolving Fund.

"I'm not really feeling the love up here," Hackman said before Wednesday's crowd.

Originally, the surcharge had the potential to hit nearly \$100; however, the BSDW said Tuesday (Jan. 17) bottled water delivery to residents would not be required thereby decreasing said potential surcharge nearly \$76 per month.

However, this did not mean the smaller arsenic treatment surcharge went unchallenged. Many voiced concerns of the additional \$25.71, which nearly doubles their monthly bills. One of the primary concerns includes people on fixed incomes, which see a hefty financial burden imposed with the additional charge.

"That's a lot of money to me," customer Virgil Arellano said

He applauded the Brandt's efforts in trying to help keep the system going with minimal impacts to consumers; however, Arellano questioned why the arsenic compliance issues and related surcharge was not brought

before customers sooner.

With this, some questioned whether the surcharge would remain steady or increase over the estimated 15-20 year repayment period. Hackman said there is no guarantee of a steady rate.

“(There is) as much of a guarantee that the sun is going to come up tomorrow,” he said.

At least one resident, David Ray, said he believes his home should be exempt from the surcharge as he already has arsenic filters on all of his faucets.

“I told you this was going to be a fight,” he said noting a class action lawsuit might be in order for this situation. “I don’t need the help (from additional arsenic filters).”

“You’re screwing us,” he said of the EPA and the PUC noting the Brandts bought the water company and he believes improvement costs should rest on their shoulders. Instead, the consumers are footing the bill and “that’s not right,” he said.

This raised the question of whether a home could receive exemption if they maintain their own filtering equipment; however, it was later noted this is unlikely, as private filtering systems might not be adequately maintained thereby pushing the company out of compliance. Also, if several were to go the private filter system route, others would likely have to make up the cost of the treatment plant with higher surcharges. It was unclear whether additional customers to the system would reduce the surcharge. Also, information provided Wednesday noted the surcharge might be reduced if construction costs come in lower than estimated.

Options for combating the arsenic problem include a central treatment system (which seems to be the ideal and more likely way to go) and point-of-use treatments. With central treatment, water is treated at the wellhead before it moves on to consumers. With the point-of-use option, each home would require unit installation under sinks in each home serviced via the company.

The latter option poses several unfavorable requirements including: Homeowners would have to allow Crystal Clear access to their home, water would only be treated at the designated faucet and all customers must agree to the plan.

The PUC recommended the central treatment method as it would be more cost effective in the long run, less invasive to customers and would come with fewer liability issues.

Moving into the future of Crystal Clear, the PUC session also addressed potential paths the company might take. First and foremost the Brandts might remain as owners; however, sale to another private entity is possible. During the session Bill Brandt indicated he and Diane are not opposed to selling.

“We’re anxious to get out of the water business,” he said.

Other ideas include Lyon County taking over operations, placing the company in receivership were the District Court would take over operations or formation of a general improvement district.

County staff has indicated taking over the utility would not be financially sound on the County level and the

system would be immediately out of compliance with County Code. Basically, the County does not have the financial or staffing means to handle Crystal Clear at this time.

Many cringed at the receivership idea as they learned this could eventually lead to significantly higher rates if the District Court appoints a receiver, has an independent body appraise the system (including replacement cost minus depreciation) and that appraisal comes in at a high value. Overall, the current owners would have to be compensated and said compensation would be included in the customers' rates. PUC Staff Water Engineer Steve McGoff cited an example in Douglas County where a water company in receivership saw water rates at \$20 per month and, when it fell out of receivership, saw rates jump to \$120 per month.

With the GID route, it was noted a GID board would come into being under NRS 318 and it would make the utility eligible for additional grants and loans as well as Nevada Rural Water Association circuit rider assistance. The utility has already been turned down for Community Development Block Grant funding from the County and it was noted Wednesday other grants are not applicable or available for Crystal Clear.

Louise Uttinger, assistant staff council for the PUC who handles legal issues arising with Crystal Clear, said the EPA likely did not realize the types of possible impacts on private water companies (especially in the West) when they decided nearly five years ago to impose the new arsenic standard. This decision allowed companies five years from January 2001 to come into compliance, though an additional three-year exemption could be obtained via entities at or below 35ppb arsenic. Crystal Clear has remained steady near 44ppb, it was noted.

Residents learned Wednesday the EPA has not found an unsafe level of arsenic, which poses an unreasonable risk to health. In other words, studies have not shown how much arsenic is too much regarding health risk in drinking water. This led residents to question whether the new 10ppb maximum contaminant level (which was indicated Wednesday is the equivalent of 10 pinches of salt in 10 tons of potato chips) is arbitrary.

"You can say that," Uttinger said.

Another concern stemmed from previous complaints of the water pressure being low for several customers. This is especially true during peak use times. It was noted this surcharge may apply only to arsenic treatment and improvements to water pressure is unlikely at this time.

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